

State of Arizona
Senate
Forty-eighth Legislature
Second Regular Session
2008

SENATE BILL 1110

AN ACT

AMENDING SECTIONS 15-2005 AND 35-143.01, ARIZONA REVISED STATUTES; REPEALING SECTIONS 15-774, 15-2004, 41-1504.01, 41-1504.02, 41-1515 AND 41-2307, ARIZONA REVISED STATUTES; RELATING TO STATE FUNDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Repeal

3 Sections 15-774 and 15-2004, Arizona Revised Statutes, are repealed.

4 Sec. 2. Section 15-2005, Arizona Revised Statutes, is amended to read:

5 15-2005. Local lease-to-own by school districts: expiration

6 A. In order to fulfill the requirements of section 15-2041, with the
7 approval of the school facilities board, a school district may acquire school
8 facilities by entering into a local lease-to-own transaction in accordance
9 with this section. For purposes of this section, providing school facilities
10 includes land acquisition, related infrastructure, fixtures, furnishings,
11 equipment and costs of the local lease-to-own transaction. The school
12 facilities board may provide monies to provide school facilities in part
13 pursuant to section 15-2041 and in part through payments to or for the
14 benefit of a school district for a local lease-to-own transaction.

15 B. A local lease-to-own transaction may provide for:

16 1. The ground lease of the land for the facilities to a private entity
17 for the term of the local lease-to-own transaction or for a term of up to one
18 and one-half times the term of the local lease-to-own transaction, subject to
19 earlier termination on completion of performance of the local lease-to-own
20 agreement. The ground lessor may either be the school district or the school
21 facilities board, whichever holds title to the land.

22 2. The lease of the completed school facilities by a private entity to
23 the school district for an extended term of years pursuant to a local
24 lease-to-own agreement. The local lease-to-own agreement shall provide for
25 the use, maintenance and operation of the school facilities by the school
26 district and for the transfer of ownership of the school facilities to the
27 school district on completion of performance of the local lease-to-own
28 agreement.

29 3. The option for the school district's purchase of the school
30 facilities and transfer of ownership of the school facilities to the school
31 district before the expiration of the local lease-to-own agreement.

32 4. The services of trustees, financial advisors, paying agents,
33 transfer agents, underwriters, lawyers and other professional service
34 providers, credit enhancements or liquidity facilities and all other services
35 considered necessary by the school district or the school facilities board in
36 connection with the local lease-to-own transaction, and related agreements
37 and arrangements including arrangements for the creation and sale of
38 certificates of participation evidencing proportionate interests in the lease
39 payments to be made by the school district pursuant to the local lease-to-own
40 agreement.

41 C. Neither a ground lease by the school district as lessor nor a local
42 lease-to-own agreement is required to be authorized by a vote of the school
43 district electors. A ground lease is not subject to any limitations or
44 requirements applicable to leases or lease-purchase agreements pursuant to
45 section 15-342 or any other section of this title.

1 D. The school facilities board may make payments to or for the benefit
2 of the school district from the lease-to-own fund established by section
3 15-2004 for the payment of amounts payable under the local lease-to-own
4 agreement.

5 E. D. Any school facility that is constructed through a lease-to-own
6 agreement shall meet the minimum building adequacy standards set forth in
7 section 15-2011.

8 F. E. School districts may use local monies to exceed the minimum
9 adequacy standards and to build athletic fields and any other capital project
10 for leased-to-own facilities.

11 G. F. The school facilities board shall include any square footage of
12 new school facilities constructed through lease-to-own agreements in the
13 computations prescribed in section 15-2011.

14 H. G. Pursuant to section 15-2031, a school district is eligible to
15 receive building renewal monies for any facility constructed through a
16 lease-to-own agreement. If a facility's building maintenance renewal is
17 included in the lease-to-own agreement, the facility shall not be included in
18 the district's building renewal calculation.

19 I. H. A local lease-to-own agreement entered into by a school
20 district pursuant to this section shall provide that:

21 1. At the completion of the lease-to-own agreement, ownership of the
22 school facilities and land associated with the lease-to-own agreement shall
23 be transferred to the school district as specified in the agreement.

24 2. The obligation of the school district to make any payment or
25 expenditure under the local lease-to-own agreement is a current expense,
26 payable exclusively from properly budgeted monies, and is not a general
27 obligation indebtedness of this state, the school facilities board or the
28 school district. ~~, and that any payment by the school facilities board to or
for the benefit of the school district from the lease-to-own fund established
by section 15-2004 for payments of amounts payable under the local
lease-to-own agreement is a current expense, payable exclusively from
appropriated monies, and is not a general obligation indebtedness of this
state or the school facilities board.~~

34 3. If the school district fails to properly budget for payments under
35 the local lease-to-own agreement or if the legislature fails to appropriate
36 monies or the school facilities board fails to allocate monies for periodic
37 payment to or for the benefit of the school district for payments under the
38 local lease-to-own agreement, the local lease-to-own agreement terminates at
39 the end of the current term and the school district, the school facilities
40 board and this state are relieved of any subsequent obligation under the
41 local lease-to-own agreement.

1 4. The local lease-to-own agreement shall be reviewed and approved by
2 the attorney general before the agreement may take effect.

3 5. Before the agreement takes effect and after review by the attorney
4 general, the project or projects related to the agreement shall be submitted
5 for review by the joint committee on capital review.

6 J. I. The school district may covenant to use its best efforts to
7 budget, obtain, allocate and maintain sufficient monies to make payments
8 under a local lease-to-own agreement, but the local lease-to-own agreement
9 shall acknowledge that budgeting school district monies is a governmental act
10 of the school district governing board that may not be contracted away. ~~The~~
11 ~~school facilities board is not required to covenant to budget, obtain,~~
12 ~~allocate or maintain sufficient monies in the lease-to-own fund to make~~
13 ~~payments to or for the benefit of a school district for payments under a~~
14 ~~local lease-to-own agreement.~~

15 K. J. The land and the school facilities on the land are exempt from
16 taxation during the term of the local lease-to-own agreement and during
17 construction and subsequent occupancy by the school district pursuant to the
18 local lease-to-own agreement.

19 L. K. The powers prescribed in this section are in addition to the
20 powers conferred by any other law. Without reference to any other provision
21 of this title or to any other law, this section is authority for the
22 completion of the purposes prescribed in this section for school districts to
23 provide school facilities through local lease-to-own transactions pursuant to
24 this section without regard to the procedure required by any other law.
25 Except as otherwise provided in this section, the provisions of this title
26 that relate to the matters contained in this section are superseded because
27 this section is the exclusive law on these matters.

28 M. L. School districts shall not enter into lease-to-own
29 transactions, including any refinancings or refundings, pursuant to this
30 section from and after May 15, 2006.

31 Sec. 3. Section 35-143.01, Arizona Revised Statutes, is amended to
32 read:

33 35-143.01. Special funds; appropriation; reversion; use;
34 revision of fees

35 A. All monies deposited in special agency funds of self-supporting
36 regulatory agencies, as provided in section 35-142, to be used by such agency
37 for administration and enforcement, ~~shall be~~ ARE subject to annual
38 legislative appropriation.

39 B. Unless otherwise provided by the legislature, a special fund
40 self-supporting regulatory agency shall not expend more monies than are
41 appropriated by the legislature for a fiscal year, and any monies remaining
42 at the end of the fiscal year revert to the special agency fund.

1 C. Any unexpended or unencumbered balance of monies remaining in the
2 special funds of self-supporting regulatory agencies as provided in section
3 35-142 at the end of the fiscal year shall not revert to the state general
4 fund and may be made available by the legislature for use by the agency for
5 the following fiscal year.

6 D. NOTWITHSTANDING ANY OTHER LAW:

7 1. EACH DECEMBER 1, IF THE AVERAGE YEARLY REVENUE COLLECTED BY A
8 SELF-SUPPORTING REGULATORY AGENCY DURING THE PRIOR FOUR FISCAL YEARS IS MORE
9 THAN ONE HUNDRED TEN PER CENT OF THE APPROPRIATED BUDGET FOR THE CURRENT
10 FISCAL YEAR AND THE FUND BALANCE IN ITS SPECIAL AGENCY FUND AS OF JUNE 30 OF
11 THE PRIOR FISCAL YEAR IS MORE THAN FIFTY PER CENT OF THE APPROPRIATED BUDGET
12 FOR THE CURRENT FISCAL YEAR, THE AGENCY SHALL REVISE ALL FEES ON A UNIFORM
13 PERCENTAGE BASIS AMONG ALL FEE CATEGORIES.

14 2. THE DIRECTOR SHALL REVISE THE FEES IN SUCH A MANNER THAT THE
15 AVERAGE YEARLY REVENUE DERIVED FROM THE FEES DURING THE SUBSEQUENT FOUR
16 FISCAL YEARS EQUALS AT LEAST NINETY-FIVE PER CENT BUT NOT MORE THAN ONE
17 HUNDRED TEN PER CENT OF THE APPROPRIATED BUDGET FOR THE CURRENT FISCAL YEAR.

18 3. THE REVISED FEE SCHEDULE SHALL BE EFFECTIVE JULY 1 OF THE
19 SUBSEQUENT FISCAL YEAR.

20 Sec. 4. Repeal

21 Sections 41-1504.01, 41-1504.02, 41-1515 and 41-2307, Arizona Revised
22 Statutes, are repealed.

23 Sec. 5. Elimination of inactive state funds

24 The department of administration shall eliminate the following inactive
25 state funds:

<u>Budget unit</u>	<u>Fund number</u>	<u>Fund title</u>
Department of administration	ADA2482	Electronic commerce
	ADA1025	Lease purchase building operating and maintenance
	ADA4201	Technology and telecommunications
Department of agriculture	AHA1600	Capital outlay stabilization
	AHA2143	Hay law
	AHA2342	Organic food certification
	AHA2500	IGA and ISA
AHCCCS	HCA2151	Premium sharing
	HCA2222	LTC reinsurance
	HCA2376	County contribution
	HCA3037	MNMI
	HCA3734	Health plan performance bond

1	Department of commerce	EPA1238 EPA2234 EPA2235 EPA2313 EPA2424 EPA2454 EPA2462	Arizona clean air Housing finance review Housing trust Housing development Arizona neighborhood preservation Export promotion Hydrogen grant
8	Arizona criminal justice commission	JCA2229	Administrative narcotic assistance
12	Department of economic security	DEA1301 DEA2501	DES accumulator JTPA wire transfer
16	Department of education	EDA5005 EDA2483 EDA2507	Certificate of participation Extraordinary special education needs Full-day kindergarten
21	Arizona game and fish department	GFA1234	Wildlife habitat restoration and enhancement
25	Arizona geological survey	GSA2317	Geological survey
27	Department of health services	HSA1312 HSA1313 HSA1314 HSA1315 HSA1317 HSA1320 HSA1322 HSA1324 HSA1327 HSA1330 HSA1338	TT and HCF grants to community health centers TT and HCF pilot programs providing detoxification TT and HCF telemedicine pilot program TT and HCF renal disease and related problem TT and HCF evaluation program Rural capital projects Programs to provide education or information on health issues AIDS reporting and treatment Non-renal organ transplant operations Emergency vaccines TCE contamination

1		HSA1340	Disease control research commission
2		HSA1343	SMI state match Title XIX-tobacco
3		HSA2001	Title XIX reimbursements 92-93
4		HSA2063	DHS sanitarians
5		HSA2133	Building renewal
6		HSA2144	DHS agreement
7		HSA2314	Rural area kidney dialysis escrow
8		HSA3009	Prenatal care education
9		HSA3020	Spinal and head injuries trust
10		HSA3037	Medical services stabilization
11		HSA3173	ASH patient benefit
12		HSA4207	State hospital enterprise
13			
14			
15	Judiciary	COU2447	Local courts assistance
16		COU2500	IGA and ISA
17		COU2539	COA collection enhancement
18			
19	Arizona state lottery commission	LOA3004	Lottery settlement
20			
21			
22	Arizona state retirement system	RTA1405	Arizona state retirement system
23			
24			
25	School facilities board	SFA2273	School capital equity
26		SFA2450	School facilities capital reserve
27		SFA2496	Lease-to-own
28			
29	Office of tourism	TOA3163	Tourism workshop
30			
31	State treasurer	TRA3105	Arizona arts endowment nonexpenditure trust
32			
33		TRA3730	Administrative forest reserve
34	Universities		
35	Arizona board of regents	BRA2249	Teacher loan forgiveness
36	Northern Arizona		
37	University	NAA1420	NAU collections - local
38	University of Arizona	UAA9204	U of A local payroll clearing
39			
40	Department of water resources	WCA3025	Administrative refund
41		WCA2287	State water storage
42			

1 Sec. 6. Reversion of fund monies

2 Unless otherwise provided by law, all monies remaining unspent and
3 unencumbered in the funds repealed and eliminated pursuant to sections 1, 4
4 and 5 of this act revert to the state general fund on the effective date of
5 this act.